

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of the Application of SAN GABRIEL VALLEY WATER COMPANY (U337W) for Authority to Increase Rates Charged for Water Service in its Fontana Water Company Division to increase revenues by \$11,573,200 or 39.1% in 2003, \$3,078,400 or 7.3% in 2004, \$3,078,400 or 6.8% in 2005, and \$3,079,900 or 6.4% in 2006.

Application 02-11-044

**ASSIGNED COMMISSIONER'S RULING ON MOTION OF  
SAN GABRIEL VALLEY WATER COMPANY TO SET INTERIM RATES**

**Summary**

This ruling denies the motion filed on June 26, 2003 by San Gabriel Valley Water Company (San Gabriel) for an interim general rate increase for its Fontana Division. However, the Assigned Administrative Law Judge and I will strive to have a proposed decision in this matter on the Commission's Agenda for its December 18, 2003 meeting so that San Gabriel may have new rates in place by January 1, 2004, if warranted.

**Positions of the Parties**

Pursuant to Pub. Util. Code § 455.2, San Gabriel requests an interim rate increase, subject to refund, until the Commission can fully consider and act on its application. San Gabriel argues that § 455.2 provides that if the Commission is unable to issue a final decision on a general rate case application to be effective on the first day of the first test year, the applicant may file a tariff implementing

interim rates subject to refund. According to San Gabriel, this is exactly the situation which San Gabriel faces in this proceeding as its rate increase application has been delayed for a variety of reasons.

The Office of Ratepayer Advocates (ORA) opposes the motion for the reason that § 455.2 is not applicable to San Gabriel's current rate case application. ORA argues that § 455.2 applies to applications filed under the Rate Case Plan (RCP) after it has been revised by the Commission, not to applications filed under the currently existing RCP. ORA also points out that since Assembly Bill (AB) 1157, which modified § 455.2, has not yet been passed by both houses of the Legislature it is not binding on the Commission.

The City of Fontana and the Fontana Unified School District oppose San Gabriel's request for an interim rate increase. They express concerns similar to those raised by ORA.

### **Discussion**

It is not necessary to reach the statutory issue related to § 455.2 because fundamentally the issue of need for an interim rate increase is in doubt. On July 31, 2003, ORA issued its report stating:

"1.7 ORA finds that SGVWC's earnings at present rates provides it with a rate of return of 12.79%. ORA's recommended rates of return are 8.95%, 8.94%, 8.93%, and 8.96% for 2003 to 2006; therefore, *SGVWC's rates in 2003 should be reduced by 7.35% to bring earnings to the recommended level.* For 2004, SGVWC should be authorized an increase in rates of 2.2% above those authorized for 2003 and a decrease of 1% in each attrition year of 2005 and 2006."

(ORA report p.4, emphasis added)

In view of ORA's report, I am not persuaded that it would be in the public interest for San Gabriel to receive an interim rate increase subject to refund. Therefore, San Gabriel's motion should be denied. However, since this

proceeding is behind schedule under the current RCP, the Assigned Administrative Law Judge and I will strive to have a decision on San Gabriel's application on the Commission's December 18, 2003 Agenda so that new rates may be in place by January 1, 2004, if warranted. The parties are placed on notice that the time allowed for the various steps in this proceeding may have to be shortened to achieve this goal.

Therefore, **IT IS RULED** that San Gabriel Valley Water Company's motion for an interim rate increase is denied.

Dated August 5, 2003, at San Francisco, California.

/s/ MICHAEL R. PEEVEY

Michael R. Peevey  
Assigned Commissioner

**CERTIFICATE OF SERVICE**

I certify that I have by mail this day served a true copy of the original attached Assigned Commissioner's Ruling on Motion of San Gabriel Valley Water Company to Set Interim Rates on all parties of record in this proceeding or their attorneys of record.

Dated August 5, 2003, at San Francisco, California.

/s/ HELEN FRIDMAN  
Helen Friedman

**N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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